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E.O. 11652: GDS

TAGS: OECD, CIEC, ETRD, EFIN, EAID, ENGR

SUBJECT: CIEC COMMISSIONS: NOVEMBER 22-23

1. SUMMARY: CIEC COMMISSIONS HELD FINAL SESSIONS OF CURRENT ROUND ON NOVEMBER 23 WHEN COMMISSIONS TOOK STOCK OF PROGRESS MADE IN CONTACT GROUPS. THERE WAS GENERAL AGREEMENT THAT TECHNICAL WORK HAD PROCEEDED AS FAR AS FEASIBLE AT THIS POINT. DESPITE FREQUENT G-19 STATEMENTS OF DISAPPOINTMENT THAT G-8 HAD NOT MOVED FURTHER TO ACCOMMODATE G-19 POSITIONS, TONE OF ALL THE PLENARIES WAS QUITE LOW-KEY AND UNEMOTIONAL. ONE EXCEPTION INVOLVES UNSUCCESSFUL EFFORT BY RAW MATERIALS CO-CHAIRMAN ARIAS SCHREIBER TO MAKE G-8 LACK OF UNITY ON NUMBER OF ISSUES A MATTER OF PUBLIC RECORD. NET RESULT OF NOVEMBER ROUND IS TO PHOTOGRAPH G-8/G-19 AREAS OF CONVERGENCE AND DIFFERENCE IN TEXTS WITH LARGE NUMBER OF BRACKETS. PEREZ GUERRERO AND MACEACHEN WILL MEET ON NOVEMBER 24 TO ASSESS PROSPECTS FOR MINISTERIAL CONFERENCE IN LIGHT OF THE RESULTS OF NOVEMBER COMMISSION SESSIONS. END SUMMARY.

ENERGY COMMISSION

2. NOVEMBER 21-23 WAS DEVOTED PRIMARILY TO LENGTHY DRAFTING GROUP SESSIONS, WITH PLENARY MEETING ONLY FOR BRIEF WRAP-UP REPORT NOVEMBER 23. AT FINAL MEETINGS, SAUDI CO-CHAIRMAN GAVE RELATIVELY POSITIVE ASSESSMENT OF ENC PROGRESS TO DATE, CHARACTERIZING SUPPLY CONCLUSIONS PAPER AS 80 PERCENT AGREED, CO-OPERATION PAPER AS AGREED IN PRINCIPLE ON LONG-TERM QUESTIONS BUT DISAGREED PRIMARILY ON HOW TO MEET SHORT-TERM NEEDS OF EDDC'S (E.G., IMF OIL FACILITY PROPOSAL). TAHER SAID PRICE PAPER WAS MUCH MORE SENSITIVE AND LITTLE REAL PROGRESS HAD BEEN MADE ON TEXT, ALTHOUGH SEEDS OF COMMON SOLUTION WERE PRESENT AND GIVEN SUFFICIENT TIME HE THOUGHT AGREED TEXT COULD BE DEVELOPED. (NOTE: MAJOR ISSUES LEFT IN DISPUTE IN BRACKETED TEXT FORWARDED TO COMMISSION BY DRAFTING GROUP WERE CONFIDENTIAL

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PRODUCER SOVEREIGNTY OVER OIL PRICING DECISIONS; EXTENT OF EROSION IN PURCHASING POWER; METHODS OF PROTECTING PURCHASING POWER; COMPETITIVE STANDING OF OIL PRICES; AND IMPACT OF OIL PRICES ON WORLD ECONOMY).

3. TAHER CONCLUDED THAT COMMISSION HAD MADE AS MUCH PROGRESS AS WAS POSSIBLE, "KEEPING IN MIND POLITICAL CONSTRAINTS DERIVING FROM FACT THE ENC COULD NOT BE

ALLOWED TO GET TOO FAR OUT IN FRONT OF THE OTHER COMMISSIONS, WHERE ESSENTIAL DIFFICULTIES LAY, AND FACT THAT THERE IS NOW SOME DOUBT CONCERNING TIMING OF MINISTERIAL MEETING." DC CO-CHAIRMAN (BOSWORTH) SUPPORTED SAUDI ASSESSMENT OF ENC PROGRESS. NOT SURPRISINGLY, IRANIAN DEL STRONGLY ATTACKED CO-CHAIRMAN'S ASSESSMENT SAYING ENC HAD "FAILED TO LIVE UP TO ITS MANDATE AND HAD NOTHING TO SHOW FOR ITS EFFORTS." HE SAID HE AGREED ENC HAD PERHAPS ADVANCED FURTHER THAN OTHER COMMISSIONS BUT STRESSED THAT EACH DRAFTING PAPER HAD AT LEAST ONE MAJOR AREA OF DISAGREEMENT AND NOTED THAT THERE HAD BEEN "NO MOVEMENT ON THESE BASIC QUESTIONS IN ENTIRE COURSE OF CIEC." THEREFORE, UNLESS THERE WAS A CHANGE IN DC POLITICAL WILL HE SAW LITTLE HOPE THAT MORE TIME OR AN EXTENSION OF CONFERENCE WOULD

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SOLVE THESE UNDERLYING PROBLEMS.

4. FURTHER PROGRESS IN ENC WILL BE A FUNCTION OF THREE INTERRELATED CONSTRAINTS: (1) DIFFICULTY OF SOME OF SUBSTANTIVE ISSUES (E.G., PURCHASING POWER, MACROECONOMIC IMPACT OF OIL PRICE CHANGES, SUPPLY COMMITMENTS, ETC.); (2) IMMINENCE OF DECEMBER OPEC MEETING, WHICH OBVIOUSLY AFFECTS OPEC REPS ATTITUDES ON PRICE; AND, (3) LACK OF CLEAR INDICATION OF RESULTS ON NON-ENERGY ISSUES IN OTHER COMMISSIONS. OF THESE, THE LAST IS PROBABLY THE MOST IMPORTANT.

DEVELOPMENT COMMISSION

5. DEVELOPMENT COMMISSION COMPLETED NOVEMBER SESSION IN SOBER FASHION. CONTACT GROUPS CONTINUED TO MEET NOVEMBER 22 AND 23 BUT MADE LITTLE PROGRESS. AT PLENARY SESSIONS NOVEMBER 22 AND 23, BRIEF OBJECTIVE STATUS REPORTS WERE GIVEN ON WORK OF CONTACT GROUPS. AS EXPECTED, AT FINAL PLENARY SESSION NOVEMBER 23, G-19 DELS REGISTERED DISAPPOINTMENT WITH LACK OF PROGRESS ON ISSUES OF PRIMARY CONCERN TO THEM. THEIR STATEMENTS, HOWEVER, WERE NOT INFLAMMATORY, AND BOTH G-19 AND G-8 LEFT DOOR OPEN FOR FURTHER WORK. CO-CHAIRMAN WELLENSTEIN SKILLFULLY CONCLUDED BY SAYING IT HAD TO BE ADMITTED THAT CONTACT GROUPS HAD GONE AS FAR AS THEY COULD AT THIS TIME TOWARD EVENTUAL CONSENSUS. HE NOTED

DECISION ON HOW TO MOVE FORWARD WAS NOT SOLELY UP TO DEVELOPMENT COMMISSION BUT HAD TO BE DECIDED AT CONFERENCE LEVEL. THEREFORE HE AND AIT-CHAALAL WOULD REPORT ON COMMISSION'S WORK TO CONFERENCE CO-CHAIRMEN AND THEY, ALONG WITH CO-CHAIRMEN FROM OTHER COMMISSIONS, WOULD REFLECT ON NEXT STEPS. CO-CHAIRMAN AIT-CHAALAL, THOUGH AGREEING WITH WELLENSTEIN'S CONCLUSION TO REPORT TO CONFERENCE CO-CHAIRMEN, RECALLED HOPE ALL HAD PUT IN CIEC AND REGRETTED ITS QUOTE FAILURE UNQUOTE. AIT-CHAALAL SAID THIS EXPERIENCE HAD SHOWN THAT CONFIDENTIAL

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RESTRICTED CIEC FORUM HAD NOT WORKED ANY BETTER THAN OTHER LARGER FORUMS AND THAT PARTICIPANTS HAD MISSED OPPORTUNITY TO MEET GOALS ORIGINALLY ENVISAGED. WELLENSTEIN FOLLOWED UP BY STATING THAT CONFERENCE WAS, OF COURSE, NOT YET OVER AND HOPE FOR PROGRESS REMAINED. DEVELOPMENT COMMISSION CONCLUDED ITS WORK IN JOINT SESSION WITH FINANCE COMMISSION TUESDAY AFTERNOON AT WHICH FINAL REPORTS ON DEBT AND INVESTMENT CONTACT GROUPS WERE RECEIVED.

6. DEBT: G-19 PRESENTED ITS REVISED PROPOSALS NOVEMBER 22, AND THEY WERE REVIEWED NOVEMBER 23. PRIORITY REQUEST FOR SWEEPING IMMEDIATE GENERALIZED DEBT RELIEF WAS UNCHANGED, EXCEPT THAT ANCILLARY REQUEST FOR EQUIVALENT MEASURES (PROGRAM AID) BY IFI'S WAS DROPPED. OTHERWISE, REVISED G-19 PROPOSALS FOR IMMEDIATE DEBT RELIEF BASICALLY REFLECTED PORTIONS OF MANILA DECLARATION DEALING WITH DEBT. G-19 ADMITTED THIS, SAYING THEIR MANDATE FROM G-77 WOULD NOT ALLOW THEM TO DEPART SIGNIFICANTLY FROM MANILA DECLARATION. HOWEVER, IN ALSO PUTTING FORWARD REVISED PROPOSALS WHICH COVERED PROCEDURES FOR HANDLING FUTURE DEBT PROBLEMS, G-19 DELS IMPLICITLY INDICATED THAT THEY WERE INTERESTED IN US/EC PROPOSALS ALTHOUGH THEY TOOK PAINS TO REPEAT THAT THEIR FIRST PRIORITY WAS STILL IMMEDIATE DEBT RELIEF. U.S. AND EC REITERATED THAT G-19 PROPOSALS FOR GENERALIZED DEBT RELIEF WOULD NOT BE ACCEPTED. THEY URGED G-19 TO CONSIDER SERIOUSLY JOINT US/EC PROPOSALS, WHICH REPRESENTED MARKED FORWARD MOVEMENT. CONTACT GROUP CONCLUDED BY SUBMITTING US/EC, G-19, AND SWEDISH DEBT PROPOSALS TO DEVELOPMENT AND FINANCE COMMISSIONS.

7. ODA: SOME PROGRESS WAS MADE IN REDRAFTING BRACKETED TEXT ON ODA NOVEMBER 22-23. PASSAGES DEALING WITH ODA VOLUME REMAIN UNCHANGED, HOWEVER. FINAL TEXT ON ODA CONTAINS NUMEROUS BRACKETS AND DOES NOT GO BEYOND G-8 POSITIONS ACCEPTED IN TRANSFER OF RESOURCES DOCUMENTS NEGOTIATED IN OTHER

FORUMS. IN PLENARY SESSION, PAKISTANI DEL REGISTERED
G-19'S DISAPPOINTMENT WITH LACK OF PROGRESS ON ISSUES
OF CENTRAL CONCERN TO THEM, I.E., VOLUME, MEASURES TO
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INCREASE AID, IDA V, AND IBRD CAPITAL INCREASE.

8. FOOD AND AGRICULTURE/INFRASTRUCTURE: CONTACT
GROUP ON THESE SUBJECTS CONTINUED DISCUSSION OF

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BRACKETED TEXTS BUT, IN GENERAL, DID NOT SUCCEED IN GETTING BEYOND POINT OF IDENTIFYING ISSUES ON WHICH THERE WAS DISAGREEMENT. ALTHOUGH CONSENSUS ON MOST ISSUES DISCUSSED SHOULD HAVE BEEN POSSIBLE ON BASIS OF AGREEMENTS PREVIOUSLY REACHED IN OTHER FORUMS, AGREED CONCLUSIONS WERE DIFFICULT TO OBTAIN AT THIS SESSION DUE IN GREAT MEASURE TO RELUCTANCE OR INABILITY OF G-19 MODERATOR (YUGOSLAVIA) TO MOVE FORWARD ON BEHALF OF G-19 AND TO G-19'S INSISTENCE ON QUANTIFIED TARGETS AND ITS REFUSAL TO ACCEPT LANGUAGE ADDRESSING LDC RESPONSIBILITIES. HELPFUL DECLARATION ON IFAD WAS DISCUSSED IN THIS CONTACT GROUP AND LATER ACCEPTED BY DEVELOPMENT COMMISSION (SEE OECD PARIS 34822).

9. INDUSTRIALIZATION/TRANSFER OF TECHNOLOGY: CONTACT GROUP COMPLETED DRAFTING BRACKETED TEXTS. NO FURTHER PROGRESS WAS MADE DUE PRIMARILY TO TACTICS ADOPTED BY G-19 MODERATOR (ALGERIA) WHO INSISTED ON REHASHING ISSUES WHICH HAD ALREADY BEEN DISCUSSED IN OTHER FORUMS. (UNCTAD IV, LIMA, ETC.) IN PLENARY SESSION, ALGERIAN DEL GAVE RELATIVELY MILD STATEMENT REGRETTING THAT CONTACT GROUPS HAD MISSED OPPORTUNITY TO MAKE PROGRESS.

FINANCIAL AFFAIRS COMMISSION (FAC)

10. FAC MET ON AFTERNOONS OF NOVEMBER 22 AND 23 FOR REVIEW OF WORK OF CONTACT GROUPS.

11. CONTACT GROUP ON INVESTMENT, ACCESS TO CAPITAL

MARKETS, AND OTHER FLOWS (CG2): CG2 MET FAR INTO THE NIGHT ON NOVEMBER 22 AND ON NOVEMBER 23 IN ORDER TO PREPARE A BRACKETED TEXT (BASED ON G-8 MODERATOR'S PROPOSAL) FOR PRESENTATION TO FAC. WHILE THERE WERE CONSIDERABLE AREAS OF AGREEMENT, SOME DIFFICULT ISSUES REMAINED, ESPECIALLY IN INVESTMENT. G-19 PROPOSALS ON DIRECT INVESTMENT, WHILE NOT FULLY ACCEPTABLE, DID GO A LONG WAY IN SOFTENING PREVIOUSLY "HARD LINE" LDC
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POSITIONS IN THE AREA, ESPECIALLY WITH REGARD TO TRANSPARENCY AND STABILITY OF INVESTMENT CONDITIONS, AND SOME RECOGNITION OF HOST COUNTRY RESPONSIBILITIES. THERE WAS A BROAD CONVERGENCE OF VIEWS ON ACCESS TO CAPITAL MARKETS. AS TO "OTHER FINANCIAL FLOWS", NO FURTHER PROGRESS WAS POSSIBLE; ALL G-8 MEMBERS DECLINED TO PARTICIPATE IN ANY DISCUSSION ON MONETARY ASPECTS OF ISSUES IN PLENARY OR IN CONTACT GROUP WHICH MIGHT IMPINGE ON JURISDICTION OF IMF. G-19 SPOKESMAN ON MONETARY ISSUES (KHARMAWON OF INDONESIA AND AMOVZEGOR OF IRAN--BOTH IMF EXECUTIVE DIRECTORS) COMPLAINED TO HEAD OF IMF PARIS OFFICE ABOUT INTRANSIGENT G-8 POSITION AND IMPLIED THAT SUCH AN ATTITUDE MIGHT AFFECT DISCUSSIONS AT IMF ED MEETINGS IN WASHINGTON. CG2 MET FOLLOWING LAST FAC SESSION TO COMPLETE ITS TASK OF PRODUCING BRACKETED TEXT, WHICH WILL BE DISTRIBUTED BY CIEC SECRETARIAT.

12. MEXICAL DEL EMPHASIZED THAT THERE WERE MANY POLITICAL IMPLICATIONS TO THIS SUBJECT, AND SUBSTANTIVE DIFFERENCES DID REMAIN, ESPECIALLY WITH REGARD TO SOVEREIGNTY, WHICH WAS REFLECTED IN TERMS OF NATIONALIZATION AND DISPUTE SETTLEMENT AS WELL AS IN TERMS OF RESPONSIBILITIES OF FOREIGN INVESTORS.

13. CONTACT GROUP ON MEASURES AGAINST INFLATION (CG3): CG3 MET THROUGH NOVEMBER 22 AND 23 (FOR A TOTAL OF 25 HOURS OF NEGOTIATION) BUT WAS UNABLE TO AGREE ON A SINGLE UNBRACKETED PARAGRAPH. INSTEAD, G-19 AND G-8 PAPERS WILL BE CIRCULATED. G-19 DEL ACCUSED G-8 OF "RIGIDITY" AND "INFLEXIBILITY" ON THE ISSUES, AND A LACK OF POLITICAL WILL, ESPECIALLY WITH REGARD TO APPORTIONMENT OF RESPONSIBILITIES. CO-CHAIRMAN YEGANEH CALLED THIS, IN HIS SUMMARY, "NEGATIVE PROGRESS". HOWEVER, IRAQI DEL DID ADMIT THAT THE MANY HOURS OF NEGOTIATION DID RESULT IN A BETTER UNDERSTANDING OF THE POSITIONS OF BOTH SIDES.

14. CONTACT GROUP ON OPEC ASSETS (CG4): SAUDI DEL INDICATED THAT US/EC DRAFT PREPARED FOR CG4 ON

NOVEMBER 23 WAS NOT NEW IN ANY SUBSTANTIVE WAY. HE
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APPRECIATED THE EFFORT, BUT INDICATED THAT THEY WERE
FAR AWAY FROM A COMMON DRAFT. A NEW WORKING DRAFT MAY

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BE PRODUCED BY SAUDIS ON NOVEMBER 24 (AFTER LAST FAC SESSION) FOR DISCUSSION WITH US DEL (NIEHUSS). IN ANY CASE, CO-MODERATORS (SAUDI ARABIA AND U.S.) WILL PRODUCE A REPORT FOR DISTRIBUTION ON THIS SUBJECT.

15. CONTACT GROUP ON COOPERATION AMONG LDC'S (CG5): CG5 WAS ABLE TO COMPLETE A FIRST READING OF A NON-PAPER, WHICH COMBINED G-19 (EGYPTIAN) AND G-8 (EC) PAPERS ON THIS SUBJECT. SOME PROGRESS WAS MADE AS TO PREAMBULAR LANGUAGE, BUT LITTLE ACCOMPLISHED IN STUDYING ASPECTS OF LDC'S AND INTERNATIONAL ORGANIZATIONS IN THIS AREA. THE TWO CO-MODERATORS (SWEDEN AND EGYPT) WILL PRODUCE, FOR DISTRIBUTION, A BRACKETED TEXT AND REPORT, WHICH WILL REFLECT THE DIVERGENCIES OF VIEWS EXPRESSED IN ABOVE PAPERS.

16. CO-CHAIRMAN YEGANEH SUMMARIZED AT NOVEMBER 23 FAC SESSION, INDICATING THAT PROGRESS IN GENERAL HAD BEEN UNSATISFACTORY AND THE G-19 WAS DISAPPOINTED WITH CIEC. NO SIGNIFICANT FORWARD STEPS IN FIELD OF INTERNATIONAL ECONOMIC COOPERATION HAD BEEN MADE, BUT MUCH HARD EFFORT HAD BEEN EXPENDED. THE RESULTS WOULD BE EVALUATED IN THE NEXT FEW DAYS AT THE CONFERENCE LEVEL.

RAW MATERIALS COMMISSION (RMC)

17. AFTER ANOTHER ONE-DAY POSTPONEMENT AT REQUEST OF G-19, RMC HELD ITS SECOND AND FINAL PLENARY OF NOVEMBER SESSION ON NOVEMBER 23. MEETING WENT LATE INTO NIGHT AS RESULT OF LENGTHY, TURBULENT DEBATE ON KIND OF FOOTNOTE TO BE USED TO DESCRIBE STATUS OF BRACKETS IN PAPERS PRODUCED BY CONTACT GROUPS. KEY ISSUE WAS HOW TO DEVISE GENERAL FORMULA TO EXPRESS FACT

THAT G-8 COUNTRIES DIFFERED ON EXTENT AND NATURE OF
OPPOSITION TO G-19 LANGUAGE--A SITUATION FURTHER
COMPLICATED BY THE FACT EC HAD NO POSITION ON INTEGRATED
PROGRAM. G-19 CO-CHAIRMAN ARIAS-SCHREIBER'S INSISTENCE
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THAT G-8 RESERVATIONS BE SPECIFIED WAS CLEARLY DESIGNED
TO MAKE LACK OF G-8 UNITY MATTER OF PUBLIC RECORD.
G-8 COUNTRIES FIRMLY RESISTED THIS MOVE AND FORMULA
FINALLY AGREED QUALIFIES BRACKETED G-19 LANGUAGE AS
"PROPOSALS BY G-19, THE TEXT OF WHICH WAS NOT AGREED TO
BY MEMBERS OF THE G-8." LANGUAGE EMANATING FROM THE
G-8 AND BRACKETED BY THE G-19 WILL BE IDENTIFIED AS
"PROPOSAL BY MEMBERS OF G-8 WHICH WAS OBJECTED TO BY
G-19."

18. AFTER REVIEWING PAPERS PRODUCED BY CONTACT GROUPS
AND REPORTS BY GROUPS' COORDINATORS, DC CO-CHAIRMAN
MIYAZAKI SUMMED UP BY NOTING THAT THE CONTENTS OF THESE
PAPERS REVEALED CONVERGENCES AND DISAGREEMENTS AND
THAT, AFTER REALIZING THE ABSENCE OF NECESSARY CONDI-
TIONS FOR OVERCOMING DIFFERENCES WITHIN THE TIME
FIXED, THE COMMISSION HAD DECIDED TO SUBMIT THE PAPERS
TO THE CO-CHAIRMEN OF THE CONFERENCE. AVIAS-SCHREIBER
OBSERVED SOMEWHAT SARDONICALLY THAT GIVEN THE LATE HOUR
HE WOULD REFRAIN FROM GIVING G-19'S VIEWS ON RESULTS OF
COMMISSION'S WORK; THIS WOULD BE DONE AT AN APPROPRIATE
TIME IN AN APPROPRIATE PLACE. MEETING NONETHELESS
ENDED ON CORDIAL NOTE.

19. DURING NOVEMBER 22, G-19 HELD LONG CAUCUS TO GO
OVER PAPERS PRODUCED BY CONTACT GROUPS. IN MANY CASES
THIS RESULTED IN NEW LANGUAGE AND REQUIRED HECTIC LAST
MINUTE SESSIONS OF CONTACT GROUPS NOVEMBER 23 TO PRODUCE
FINAL PAPER. GROUP I DID NOT HOWEVER MEET AGAIN. JOINT
CONTACT GROUP ON TRADE MET NOVEMBER 22-23 BUT NO
FURTHER PROGRESS WAS MADE.

20. RMC GROUP 2 (INTEGRATED PROGRAM, TRANSPORT/
MARKETING/DISTRIBUTION, NATURAL PRODUCTS/SYNTHETICS):
NOVEMBER 23 MEETING OF GROUP 2 TO FINALIZE PAPERS ALSO
DEALT WITH NEW "WORKING PAPER" ON INTEGRATED PROGRAM
PRODUCED BY G-19 WHICH WAS BRACKETED CONSOLIDATION OF
TEXTS OF G-19 AND US PROPOSALS. IN PLENARY G-8 AGREED,
AFTER CHECKING TO MAKE SURE ALL LANGUAGE OF US PROPOSAL
REMAINED INTACT, TO ACCEPT THIS CONSOLIDATED TEXT AS
THE BASIS FOR FURTHER WORK ON THE SUBJECT. THE ORIGINAL
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US TEXT--AS SLIGHTLY AND NON-SUBSTANTIVELY REVISED
HERE PRIOR TO BEGINNING OF SESSION--IS THUS ON THE TABLE
AS A "PROPOSAL OF MEMBERS OF THE G-8" HAVING EQUIVALENT
STATUS WITH ALL OTHER PROPOSALS EMANATING FROM THAT
GROUP. THIS UNUSUAL AND UNEXPECTED OUTCOME ON THE MOST

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CONTROVERSIAL ISSUE IN THE COMMISSION RESULTS FROM THE FACT THAT THE US PAPER WAS NEVER DISCUSSED OR NEGOTIATED--EITHER IN THE CONTACT GROUP OR IN PLENARY--BECAUSE THE G-19 REFUSED TO DO SO AS LONG AS IT WAS NOT A CONSOLIDATED G-8 PAPER. US RESISTED LAST-MINUTE ATTEMPTS BY G-19 TO ENGAGE IN SUBSTANTIVE DISCUSSION OF PAPER, AND IN THE END EVEN G-8 COUNTRIES NOT SUPPORTING PAPER LIKE EC AND SWEDEN WENT ALONG WITH SENDING IT FORWARD BECAUSE THEY WERE NOT PARTICULARLY IDENTIFIED WITH IT.

21. RMC GROUP 3 (INVESTMENT, PURCHASING POWER, AND COMPENSATORY FINANCE): SINCE G-19 REQUESTED EXTENSIVE FURTHER CHANGES IN PAPERS, GROUP 3 NEEDED LENGTHY CONTACT GROUP MEETING ON NOVEMBER 23 AND PAPERS WERE NOT AVAILABLE IN TIME FOR PLENARY. RESULT WAS MAINLY NEW G-19 BRACKETS ON COMPENSATORY FINANCING AND PURCHASING POWER PAPERS, BUT ON INVESTMENT, CHANGES WERE SO SUBSTANTIAL THAT G-8, LED BY EC, INSISTED ON REPORT CONSISTING OF REFERENCE TO US/EC/JAPAN OCTOBER PROPOSAL (MP-29), RESULTS OF DRAFTING GROUP AS OF NOVEMBER 22, AND SEPARATE PAGE OF G-19 CHANGES NOT ACCEPTED BY G-8.

22. IN SUM, US IS IN TACTICALLY FAVORABLE POSITION HAVING PRESERVED ITS POSITION ON KEY RAW MATERIALS ISSUES BOTH IN G-8 AND IN CONTACT GROUPS AND PLENARY. WE WERE ASSISTED IN THIS RESPECT BY STRONG SUPPORT FROM FRG AND TO SLIGHTLY LESSER EXTENT BY UK WITHIN THE EC AND FROM JAPAN WITHIN G-8 AND CONTACT GROUPS.
TURNER

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